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SUBJECT: LABOR MINISTRY ON UNEMPLOYMENT IN TURKEY

REF: ANKARA 2737

11. (U) Summary. The Labor Ministry's ISKUR, the Turkish Employment Organization, an agency charged with developing and enacting employment policies, is trying to match jobs with workers at the micro level to alleviate Turkey's official 11.5 percent unemployment rate, which may understate the severity of the unemployment problem in Turkey. End summary.

12. (U) ISKUR, a Ministry of Labor and Social Security directorate charged with addressing all issues related to unemployment, was established in 1946. ISKUR has 2000 employees to handle unemployment issues for Turkey's population of 70 million. It provides vocational counseling, supports employment services, advises on legislation, and works with Parliament's Family, Health and Labor Committee and the State Economic Enterprises Committee. However, ISKUR's inability to match jobs with job-seekers meant that as recently as December 2004 there was a back log of 2,216,000 people seeking and not finding employment -- 13.6 percent of whom were university graduates.

13. (U) As noted in reftel, the official unemployment figure published by the Turkish State Statistics Institute, which indicated Turkish unemployment was at 11.5 percent in January 2005, may understate the severity of the problem. Concurrently 13.1 percent (3,189,000 people) were working part-time because full-time employment was not available. One Embassy contact, economist and polling company owner Tarhan Erdem, suggests the real unemployment rate may be closer to 12 million, or approximately one-quarter of the work force. Most economists do not believe the official statistics are that far off. As noted reftel, unemployment data are difficult to capture with accuracy in Turkey because of high unemployment and the large unregistered economy.

14. (U) ISKUR Acting Director General Namik Ata told us that 700,000 people enter the labor market each year in Turkey, particularly in the services sector, which is currently providing more job opportunities than other sectors. Ata and other contacts note that the actual number of jobs in Turkey is actually increasing, but this improvement in the country's unemployment rate is not evident because worker productivity is increasing with improved technology and the labor force is growing faster than the number of jobs. Ata also speculated that another reason unemployment has increased is because the state is no longer creating new jobs.

15. (U) ISKUR's primary mandate is to find employment for workers. It provides programs to improve workers' professional qualifications, albeit at a minimal level. Ata states Iskur received an EU grant of 32 million euros to provide training to the unemployed or to people at risk of losing their jobs. For example, in Istanbul, ISKUR worked with the Hak-Is Union and the Kagitname Municipality to train kapicis (building doormen-superintendants) at risk of losing their jobs because their apartment buildings were switching from coal to labor-saving gas heat. ISKUR has also retrained textile workers in anticipation of their possibly losing jobs as a result of competition from cheaper Chinese imports. Ata, stating that a basic problem of the workplace is that it does not provide training for the workforce, is a proponent of a new trend in the Ministry of Labor to encourage Turks to pursue lifelong learning.

16. (U) Private employment offices opened in 2004 in an attempt to alleviate the unemployment problem, but appear not to have been very successful. For example, Enver Celikbas, head of Kariyerim Private Employment Bureau in Ankara, could only find six jobs for 2400 applicants in the past year. Applicants who were offered jobs have turned them down saying the wages were too low. Nevertheless, after an April 19 mine explosion in Kutahya, unemployed youths waited in line to compete for the jobs of the 18 mine workers killed as a result of alleged safety violations.

17. (U) Labor Minister Murat Basesgioglu confirms the GOT plans to unveil a "National Employment Plan" by the end of 2005. Economy Minister Babacan has also claimed recently that the Government will now focus on employment issues. As part of this effort, Ata is preparing a joint assessment

document with the EU and will also develop an action plan to expand employment opportunities. Further, TISK (employers syndicate) President Tugrul Kudatgobilik worried that unemployment had reached serious proportions and if not addressed could result in 20 percent unemployment (of an increasing larger population base) by 2010.

18. (U) Comment: Many Turkish officials point to under/unemployment as a serious problem, but there are no easy solutions given the combination of high employment taxes, productivity increases, and a fast-growing labor force. Efforts such as those of ISKUR and the private employment offices to find jobs will have little effect until the economics of job-creation improve. Prime Minister Erdogan's AKP government promised voters significant improvement in Turkey's employment situation within three years of being elected. AKP's three years come due November 2005; AKP parliamentarians admit there is still little improvement and ordinary Turks overwhelmingly say unemployment is their number one political issue. As time passes, the AKP government will be more tempted to use populist, budget-breaking measures to try to solve the problem, which can be expected to create tension with the IMF. End comment.

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